



STATE OF NEW JERSEY

Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

TELECOMMUNICATIONS

IN THE MATTER OF THE PETITION OF)
HOTLINE, INC. FOR AUTHORITY)
TO PROVIDE LOCAL EXCHANGE)
TELECOMMUNICATIONS SERVICES THROUGHOUT)
THE STATE OF NEW JERSEY)

ORDER

DOCKET NO. TE03060468

(SERVICE LIST ATTACHED)

BY THE BOARD:

Pursuant to N.J.S.A. 48:2-1 et seq. and Section 253 of the federal Telecommunications Act of 1996, 47 U.S.C. § 151 et seq., and by letter dated June 17, 2003, Hotline, Inc. ("Petitioner" "Hotline" or "Company") filed a Petition with the Board of Public Utilities ("Board") requesting authority to provide local exchange telecommunications services throughout the State of New Jersey. Petitioner requests confidential treatment of the financial information in Exhibit D of its Petition. Pursuant to the Open Public Records Act N.J.S.A. 47: 1A-1 et seq., the Petitioner has submitted its financial information under seal and has included a sworn affidavit with substantiation for confidential treatment in order to limit the availability of proprietary information.

Hotline was incorporated under the laws of the State of New Jersey on January 10, 2003. Petitioner's principal offices are located at 786 Broad Street, Newark, New Jersey 07102.

Petitioner submitted copies of its articles of incorporation and New Jersey Certificate of Good Standing. According to the Petition, Hotline seeks authority to operate as local exchange carrier and provide both resold and facilities-based telecommunications services throughout New Jersey to both business and residential customers. Petitioner states that these services may include, but are not limited to, local exchange, prepaid local exchange and interexchange voice services, as well as data and internet services. Petitioner further states it will offer its telecommunications services and products primarily to residential and small business markets, and provide local exchange service, custom calling and enhanced service features. The Petitioner states that it is not currently certified to provide telecommunications services in any jurisdiction. Petitioner further states no certifications have been revoked or denied and none are currently pending in any jurisdiction. Petitioner also states that it is a privately-held company and thus, does not issue

annual reports or submit any financial filings with the Securities and Exchange Commission. Petitioner further states that it will expand at a measured pace. In this manner, Hotline contends that it will build aggressively upon its market successes while avoiding the financial and operational drain which results from over-extension of resources.

According to the Petition, Petitioner has no plans to construct outside plant or loop distribution equipment at this time. Petitioner states that it intends to fully leverage the advantages of the unbundled networks element platform, which will create an environment in which the Company can gain customers and begin to build market share immediately. With respect to the geographic coverage area for its intended services, Petitioner requests authority to operate as a competitive local exchange carrier in all areas defined by the existing exchange areas in which Verizon is authorized to operate within the state of New Jersey. Petitioner also states that it intends to provide its customers with prompt customer service that includes same-day service appointments, when requested, for customers that contact the Company on weekdays before 3:00 p.m. The Company states that customer representatives will ensure a single point of contact for customers. Moreover, they will be accountable for resolving any customer issue which may arise, including service delivery, credit issues and network repair or billing. Hotline states that customer service representatives will have direct access to the Company's provisioning, credit analysis and billing support groups, ensuring ready availability of those personnel with the expertise to solve the most common customer service issues. Petitioner further states that for immediate personal assistance, customers will be able to call Hotline's toll-free service number. Petitioner also states that all bills sent to end-user customers will bear the company's name and provide a toll-free number for customer inquiries and complaints.

Petitioner requests a waiver of N.J.A.C. 14:1-4.3 and 14:10 -1.16, which require that books and records be maintained in accordance with the Uniform System of Accounts ("USOA"). In the interest of efficiency and to prevent undue burden, Petitioner requests permission to maintain its books and records in accordance with Generally Accepted Accounting Principles.

Petitioner asserts that expedited approval of its Petition will offer high quality, innovative services to its customers in New Jersey at competitive rates. Petitioner also states that once it is certified, it plans to utilize its certification immediately to provide service to underserved residential customers who normally have little choice in telecommunications providers. Petitioner states that such a presence will stimulate competition in the market for telecommunications services in New Jersey, may prompt other companies to also enter the marketplace and will lead to improved service offerings at increasingly competitive prices to the benefit of a broad range of consumers in New Jersey.

Petitioner states as evident from the information contained in Exhibit C, Hotline is managed by individuals with substantial expertise in operating telecommunications businesses. In particular, Petitioner's primary management personnel have extensive experience operating a New Jersey company, MEG Radio, Inc., which was formed in January 1973 and is an active reseller of local exchange service in New Jersey. Petitioner further states that this experience will enable Hotline to provide telecommunications services to its local exchange customers using state-of-the-art technology.

DISCUSSION

On February 8, 1996, the federal Telecommunications Act of 1996, P.L. 104-104, 110 Stat. 56, codified in scattered sections of 47 U.S.C. §151 et. seq., was signed into law, removing barriers to competition by providing that:

[n]o State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service.

[47 U.S.C. §253(a)].

Therefore, Board approval of Petitioner's entry into the telecommunications marketplace is required, assuming Petitioner meets all other requirements, including, but not limited to, a demonstration of financial, technical and managerial integrity.

In considering this Petition, the Board recognizes its obligation not to prohibit entry into intrastate telecommunications markets. 47 U.S.C. §253(a). Approval is also in keeping with the New Jersey State Legislature's declaration that it is the policy of the State to provide diversity in the supply of telecommunications services, and its findings that competition will "promote efficiency, reduce regulatory delay and foster productivity and innovation" and "produce a wider selection of services at competitive market-based prices." N.J.S.A. 48:2-21.16(a)(4); N.J.S.A. 48:2-21.16(b)(1) and (3).

Therefore, having reviewed Hotline, Inc's. Petition and the information supplied in support thereof, the Board FINDS that the Petitioner is in compliance with the Board's filing requirements which are necessary to provide telecommunications services in New Jersey. Accordingly, the Board HEREBY AUTHORIZES the Petitioner to provide local exchange telecommunications services throughout New Jersey subject to approval of its tariff and submission of pro forma financials for its New Jersey operations. The Board also FINDS that in accordance with N.J.S.A. 48:2-59 and 48:2-60, and N.J.S.A. 52:27E-61 and 52:27E-62, the Petitioner is subject to an annual assessment by both the Board and the Division of Ratepayer Advocate, respectively. The Board notes that the Petitioner will not be able to provide telecommunications services until a tariff is approved by the Board and the required financial statements have been provided.

The Board HEREBY ORDERS that:

- 1) Petitioner file its tariff for Board approval.
- 2) Pursuant to N.J.S.A. 48:2-16.3, Petitioner shall file an annual report as of December 31 of each year, which is due on or before March 31 of the following year.
- 3) Pursuant to N.J.S.A. 48:2-59 and 48:2-60, Petitioner shall file a statement of gross intrastate revenues from operations form (AR3-1) as of December 31 of each year, which is due on or before June 1 the following year.

On or before February 1st of each year, the Petitioner will receive, from the Division of Audits, an annual report package and a statement of gross intrastate revenues from operations form for the preceding calendar year. The purpose of these documents is to report the company's financial information and gross intrastate revenues from operations as of December 31 of each year. The annual report and statement of gross intrastate revenues from operations form is due on or before March 31 and June 1 of the following year, respectively. If Petitioner does not receive these documents, it is Petitioner's responsibility to obtain them from the Board. It is also the Petitioner's responsibility to ensure timely filing of these reports.

Regarding the Petitioner's request for waivers of the Board rules, the Board FINDS that the Petitioner has demonstrated good cause why the Board should grant relief from its requirements that the Petitioner maintain its books and records under the USOA. As for Petitioner's request for confidential treatment of the financial information in Exhibit D, the Board shall handle such requests for confidential treatment in accordance with the Board's regulations at N.J.A.C. 14:1-12, et seq.

DATED: 9/25/03

BOARD OF PUBLIC UTILITIES
BY:

(SIGNED)

JEANNE M. FOX
PRESIDENT

(SIGNED)

FREDERICK F. BUTLER
COMMISSIONER

(SIGNED)

CAROL J. MURPHY
COMMISSIONER

(SIGNED)

CONNIE O. HUGHES
COMMISSIONER

(SIGNED)

JACK ALTER
COMMISSIONER

ATTEST:

(SIGNED)
KRISTI IZZO
SECRETARY

IN THE MATTER OF THE PETITION FOR AN ORDER AUTHORIZING
HOTLINE, INC. TO PROVIDE COMPETITIVE
LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES
THROUGHOUT THE STATE OF NEW JERSEY
DOCKET NO. TE03060468

SERVICE LIST

Serial No.	<u>Name and Address</u>	Serial No.	<u>Name and Address</u>
1	Petitioner's Contact Person: Mitchell Zafrani, Vice President Hotline, Inc. 786 Broad Street Newark, New Jersey 07102	4	Board's Staff: Walter Szymanski, Director Division of Audits Board of Public Utilities Two Gateway Center Newark, New Jersey 07102
2	Petitioner's Attorney: Geoffrey W. Castello, Esq. KELLEY DRYE & WARREN LLP 200 Kimball Drive Parsippany, New Jersey 07052	5	Board's Staff: Anthony Centrella, Director Division of Telecommunications Board of Public Utilities Two Gateway Center Newark, New Jersey 07102
3	Ratepayer Advocate: Seema M. Singh, Esq. Acting Director and Ratepayer Advocate Division of Ratepayer Advocate 31 Clinton Street, 11 th Floor P.O. Box 46005 Newark, New Jersey 07101	6	Deputy Attorney General: Grace Kurdian Department of Law & Public Safety Division of Law 124 Halsey Street, 5 th floor P.O. Box 45029 Newark, New Jersey 07102